

PROFILE

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A Newsletter of Blue Cross and Blue Shield of Florida

April 13, 1987

BCBSF leads fight against premium/sales taxes

The Florida Plan will pay the state about \$50 million more per year in taxes if two measures prevail in the Legislature.

The sales tax exemption for insurance and other services is scheduled to expire July 1, and there's a proposed change in Florida's premium tax. As the state's leading health insurer, Blue Cross and Blue Shield of Florida could face the largest tax increase of any Florida insurer.

Mike Hightower, vice president of Governmental and Legislative Relations, says our battle against the sales tax probably will succeed, but a premium tax increase is likely.

"This is a consumer issue, first and foremost."

The sales tax issue arose last year, when legislators voted to repeal the exemption, effective July 1, 1987. If it's not reinstated, it will cost BCBSF as much as \$18 million a year. To fight it, the Florida Plan has joined with a host of other companies in a major effort to educate consumers and legislators. Also, BCBSF employees are being urged to write to the governor and their state representatives to oppose any tax on insurance.

Insurance Commissioner Bill Gunter supports the sales tax exemption because insurance is a basic necessity, and because the tax would fall hardest on young families and low- and moderate-income elderly.

Nationally, insurance is the third greatest family expense, behind housing and food. In Florida, insurance takes 10.3 percent of a family's disposable income. A family of four in central Florida would pay an extra \$304 per year with an insurance sales tax, Gunter's office estimated.

Gunter said that a sales tax on insurance would be double taxation. An insurance buyer usually is reimbursed, often only partially, for loss of an expense on which sales tax already has been paid, he said.

Hightower says it's not an insurance issue. "This is a consumer issue, first and foremost," he said.

The same can be said of the premium tax issue, which arose last fall, when Ford Motor Co. sued the state. Ford, whose automobile warranties are considered insurance, says Florida's preferential premium tax is discriminatory and unconstitutional.

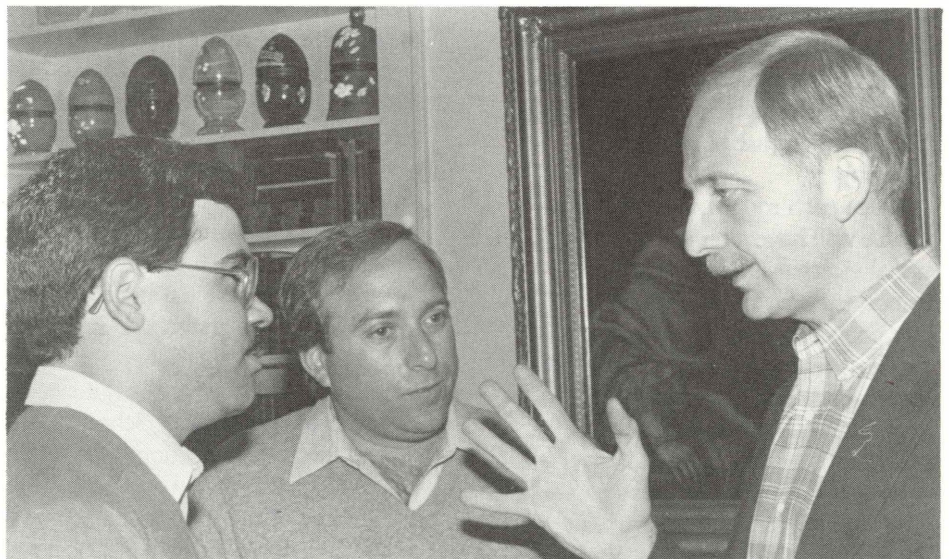
Florida levies a two percent premium tax on out-of-state companies that don't have regional home offices here. Those with regional home offices in Florida

pay one percent, and BCBSF and other domestic companies pay nothing.

In a similar lawsuit, the U.S. Supreme Court ruled more than a year ago that Alabama's preferential premium tax is discriminatory. No change in Alabama's premium tax structure has resulted yet.

Governor Bob Martinez has proposed a 2.5 percent premium tax on all insurers operating in Florida. It would cost BCBSF more than \$30 million a year. Martinez said in February that he would recommend reinstating the sales tax exemption, and that he favored a non-preferential premium tax for all insurers. But he also said if the sales tax is imposed, he would want it reduced from five percent to 4.5 percent.

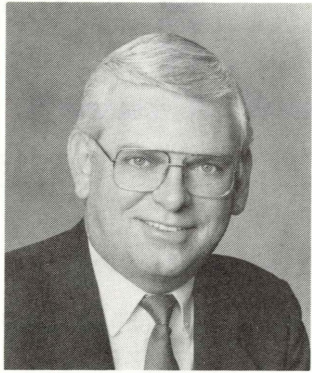
(Continued on page 3)



Congressional staff members visit BCBSF for Medicare seminar

About 32 district staff members of Florida's delegation visited BCBSF's home office April 1 and 2, for a corporate-sponsored seminar on Medicare and state and federal legislative issues. The unique educational program was planned through cooperative efforts of Governmental and Legislative Relations, Government Programs, Medicare A and B, and Corporate Communications. Michael Hightower, vice president of Governmental and Legislative Relations, is pictured with two of the congressional staffers during an informal dinner he and his family hosted for the group.

Vice President's Viewpoint



Robert S. Sebok

Good communications within a company is like a thread that holds a garment together. It's essential. It makes us all feel more a part of the organization.

With that in mind, our division is pleased to begin publication of this weekly all-employee newsletter. It is our hope that *Profile* will help all employees of Blue Cross and Blue Shield of Florida know and understand what goes into making this company a great place to work, and a leader in the health industry.

The success and growth of our business depend upon knowledgeable people working together toward a continuing goal—helping Floridians afford quality health care. It's a complex, constantly changing task that involves many diverse elements of operation, each performing best when everyone has a clear picture of what we're all doing.

Once each month, this section of *Profile* will have a report from a divisional vice president discussing important issues affecting the company. Feedback is welcome, as *Profile* is intended to be a communications vehicle for every area of the company, and for every employee, including the branch offices.

This is your newsletter, so please help Corporate Communications make it work for you. Your input is needed, whether it be suggestions for articles or regular features you'd like to see, or letters to the editor. If you have questions about the company, we'll find the answers.

Through a sharing of timely information and ideas, we will continue to improve upon the excellent products and services we already provide.

Competitor Report from the Marketing Research Department

BCBSF builds amid formidable foes

Mergers, joint partnerships, breakups and buyouts—sound like a business soap opera? Well, that's what's been happening with many of our competitors lately. Insurance companies and hospital chains are teaming up to get marketplace leverage to develop provider networks for HMOs and PPOs. Some of these partnerships haven't always fared well.

One of the largest joint ventures involves HCA and Equitable, which rolled all of their health insurance business into a new company, Equicor. Its national enrollment is estimated at nine million policyholders representing \$4 billion in premium equivalents.

Equicor recently entered the Florida HMO market by purchasing Tampa Bay Health Plan and its affiliate, Palm Beach Health Plan, which has more than 53,000 members. Equicor has 23 HMOs and PPOs and plans to expand to 71 this year, and to 200 markets within three years.

Since 1985, Aetna and VHA have operated Partners, which is now setting up PPOs and HMOs in Florida, mostly in the southern region.

Travelers has developed some of their own HMOs but recently purchased the Whittaker HMO chain to increase their penetration. Whittaker has one HMO in Florida (Tampa). Travelers' networks also are mainly in the state's southern region.

Other competitors, such as Metropolitan, CIGNA and Prudential, are approaching the managed care market by developing their own HMOs and using those networks to offer a PPO product. They've been late in developing the latter, and Metropolitan has been adversely affected by their late start and slow development of their HMO networks.

Humana has announced intentions to purchase Miami-based IMC, whose Medicare program has had financial troubles. The purchase would greatly increase Humana's Florida penetration.

Some joint ventures have failed. Lincoln National and U.S. Healthcare Systems, which owned HMO of Florida, formed HealthWin, but conflicting goals and objectives led to its dissolution. Lincoln National bought HealthWin, and within six months will change HMO of Florida's name to HealthWin. HMO of Florida is operational in eight major Florida cities.

A similar venture involving the Hartford Insurance Group, Northwestern National Life Insurance Company, and John Hancock, which owns Ameriplan, also ended.

How does this compare with BCBSF? We've developed our own networks, although several opportunities to purchase existing HMOs have been considered in the past. Ours are extensive and currently cover more of Florida than any other competitor.

We may not have the largest market share in every major city, but recent contract gains have put us in front in several areas. With the addition of the City of Jacksonville and the Duval County School Board, our PPO and HMO enrollment is twice as large as SunCare (American Heritage), our closest competitor in Jacksonville.

The Broward County School Board's enrollment in our PPOs has propelled our Ft. Lauderdale penetration. Our Tallahassee PPO and HMO also have a dominant share of that market.

As some of our networks become more fully developed, we expect our growth to continue, giving us a large local presence and share in the Florida market.

Superior customer service is when...

You are treated better than you expect to be treated. When questions are answered, or problems resolved, with one contact, not four or five. Good service is consistent.

Rolie Sayward
Data Base Administration

Customer Service

We're helping people just like us

A woman wrote to Penny Nadeau, Customer Service Representative, Ft. Myers: "I am enormously grateful for your genuine concern...it is refreshing in the extreme to have been treated in such a warm, friendly and highly efficient manner. I know that we senior citizens are slower to grasp new information than we once were, but we are swift, indeed, to recognize and appreciate the kind of service you extended..."

"When I have to deal in sums larger than \$1, I am lost in a terrifying world. Thanks so much for not only supplying a 'map' to find my way out of the maze, but also for making me feel that getting lost in the first place was no 'big deal'—that others do it, too!"

Catherine Malley – Sarasota, FL

Thanks heaped upon thanks

Medicare B Communications director Henry Douglas lauded six employees who received appreciative letters from subscribers for their warmth, sincerity and outstanding efforts to resolve problems. They are Supervisor Thelma McCurdy and Customer Service Representative Libby Fothergill, Lori Roberge, Robin King, Nita Lyons and Tanya Raulerson.

For the University of South Florida, Ms. King helped in generation of \$253,976 in outstanding bills, completion of more than 50 Medicare appeals, and correction of invalid procedures and diagnosis codes. Also for USF, Ms. Lyons helped generate more than \$179,630, and Ms. Roberge helped recover more than \$82,000.

An understanding subscriber

"It has been my experience that the Medicare telephone answering personnel have been unfailingly courteous and efficient...I would like to commend Evonnia Kelly (Customer Service Representative, Medicare B Telephone Communications) for the extraordinary skill and forbearance she displayed...in explaining (a claim denied because of double billing)."

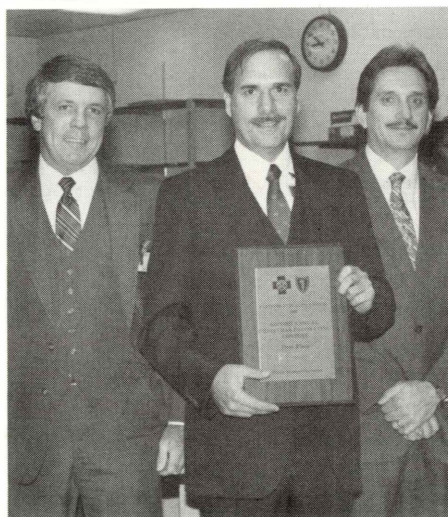
Noble F. Laesch – Punta Gorda, FL

BCBSF leads fight (cont'd.)

Any additional taxes on insurance will adversely affect Florida's economy, Senior Health Counsel Rafael Diaz said.

Other states would retaliate by levying equivalent taxes on Florida companies operating there. National employers might insure their Florida workforce somewhere else, and some companies might even leave the state. Gulf Life and Independent Life, which have regional home offices in Jacksonville, have said they'll move if there's excessive taxation.

For Blue Cross and Blue Shield of Florida, the stakes are high. But the fight is on, and it's likely to continue until the end of the legislative session. At a time when we're trying to hold insurance rates down, increased taxes that consumers ultimately pay can only be counterproductive.



Micrographic Wins PIQC Decorating Contest

Employees of Micrographics/Operations Support/Automated Claims Submission are proud to have won first place in the office Christmas decorating contest for Partners in Quality Change. Their outstanding efforts are indicative of the overall improvements they've made in everyday operations. Pictured with Micrographics Manager Anthony Rizzi are Customer Relations Vice President Donald Van Dyke (l) and Private Business Operations Vice President Larry Payne.

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Jean McComb, Manager
Frank Dorman, Editor

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PROFILE begins new life as weekly

This edition of *Profile* begins an ambitious effort to give employees a timely vehicle for sharing information. Every week, there'll be an opportunity to clarify corporate goals and direction, recognize accomplishments and discuss employee concerns.

There'll be articles about important issues affecting the company, and news of what various departments are planning and doing. Corporate strategies, plans and political efforts will be addressed, as well as policies and procedures concerning employee compensation and benefits.

Profile will include regular features about marketing efforts, the competition, industry trends and corporate library offerings. It also will have human interest stories about individual employees.

Blue Cross and Blue Shield of Florida is a statewide corporation, and *Profile* will reflect that with input from branch offices.

Letters to the editor are welcome. And please call or write with suggestions for subjects you'd like to read about, or questions you have about the company. Contact the editor, Frank Dorman, at Corporate Communications, 3-T, Ext. 8664.

BCBS NEWS

BCBSA favors medical testing guidelines to cut costs, improve patient care

The Blue Cross and Blue Shield Association has issued diagnostic testing guidelines that are expected to significantly improve quality of care and save the nation as much as \$18 billion a year in health costs. From 20 to 60 percent of common medical tests are unnecessary, such as routine chest x-rays when there's no history of symptoms of chest disease, and preoperative electrocardiograms when there's no evidence of heart disease, BCBSA president Bernard R. Tresnowski said.

The guidelines resulted from a major effort of the Association and The American College of Physicians. At least five medical groups support some or all of the guidelines. Implementation will begin with education programs for doctors and professional staffs.

20-year outlook for long-term care insurance is good for business, inadequate for elderly

Twenty years from now, long-term care insurance will be a \$20 billion market but will serve only 25 to 30 percent of the nation's elderly, a Brookings Institution report predicted.

Most elderly won't be able to afford it, and most policies will cover a minority of long-term care costs, it stated. Between the years 2016 and 2020, private, long-term care insurance is expected to pay 11.3 percent of nursing home expenditures, Medigap policies will cover 17.6 percent, and individual medical accounts will cover 3.1 percent.

AIDS cure 'problematical,' Koop says

A vaccine against the AIDS virus probably won't be available before the year 2000, U.S. Surgeon General C. Everett Koop said. "It's hard to kill. Even if you kill it, you can't change what the virus has done to the tissues," he said, remarking that a cure for AIDS is "very problematical."

AIDS has spread significantly into the heterosexual community, and 20 times as many cases among heterosexuals are expected by 1991. At present, four percent of AIDS cases occur among heterosexuals, Koop said.

New Employees

Patrice Busch

Health Industry Analyst
Consultant — UBM

Peter Capezio, Jr.

Manager, Employee Relations
Personnel

Linda Compton

Secretary B
Corp. Communications &
Community Relations

Terri Cranford

Forms Analyst
Stockroom & Warehousing
Personnel

Karen Daughtery

UM Operations Analyst
Operations I

Gary Givens

Manager, Cost & Budget
Corporate Budget

Nancy Henley

UM Operations Analyst
Operations I

Susan Kirkman

Clerk B
Medicare B Mail Operations

Alice Olaes

Clerk B
Microfilm Retrieval Second Shift

Donna Pearson

Clerk B
Medicare Microfilm Simplex

Joanne Robbins

Clerk B
Microfilm Retrieval Second Shift

Lynne Truesdale

Software Specialist Sr. EDP
Software and Technical Support

Gloria Ulm

Claims Examiner B
Health Options of Pensacola

Ruby Winston

Clerk B
Medicare Microfilm Simplex

Patricia Wright

Secretary A
Implementation

Insook Yee

Programmer Analyst
Systems Services

Anniversaries

20 Years

Mercedes C. Miller

Med B Microfilm Retrieval

Joan Rauls

Information Department

15 Years

John Abrams

Data Base Administration

Olivia Corbitt

Med B Comm/Unit VII

Evelyn Gaines

Major Accounts
Broward County

Gwendolyn Green

Local Group Inquiries

Julia Miller

Comprehensive Exam Entry I

Nancy Patrick

Blue Cross Claims Unit I

Patricia Ross

Northern Region Major
Accounts

Laura Smith

Payroll

10 Years

Reba Adkins

FEP Telephone Inquiries

Dennis Carlos

Systems Services

Sandy Crews

Quality Assurance

William Denham

Engineering & Maintenance

Charles Frierson

Systems Services

Linda Hinkle

Technical Services

Thomasena Jackson

OCL Coordination of Benefits

Paul Mason

Health Options of Central Fla.

Barbara McManus

Med B Communications Unit IV

Emma Pendarvis

Med B Program Integrity

Anita Rodgers

Med Program Development

5 Years

Gregory Baxter

Operations I

Barbara Bodin

Information Department

Ernest Brodsky

Preferred Provider Organization

Gregory Carter

Tampa District Office

Susan Clay

Statistical

Sherri Deese

Medicare B Claims Examining

Lanny Felder

Real Estate/Facilities Planning

Michael Hodges

Provider Audit & Research

Larry Murph

Printing Department

James Olive

Prof. Reimbursement Adm.

Keith Pearcey

Reimbursement Unit

Irene Schmutz

Legal Administration Support

Rosita Silva

Medicare Microfile Simplex

Sandra Smith

GM Claims System Project

Renita White

Med B Claims Exam Sec./Shift II

Andrew Zedella

Fleet Operations

Promotions

Mavis Bush

FEP Telephone Inquiries

Jacqueline Ebert

Telemarketing

Phyllis Stansell

Telemarketing

Transfers

Shelly Navarrete

Telemarketing

Sandra Tomlin

Southeast Coast Network